

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 AGR-05

L-03 H-02 PA-01 PRS-01 TAR-01 EUR-12 /102 W

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P 300946Z JAN 76

FM AMEMBASSY TOKYO

TO DEPT OF TREASURY PRIORITY

SECSTATE WASHDC PRIORITY 6519

LIMITED OFFICIAL USE SECTION 1 OF 2 TOKYO 1473

TREASURY FOR BUSHNELL

DEPT PASS EXIMBANK FOR DUBRUL

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJ: EXPORT CREDIT AGREEMENT

1. IN ANSWER TO BUSHNELL REQUEST FOLLOWING IS PELIKAN DRAFT TECHNICAL DOCUMENT WHICH HE BELIEVES SHOULD BE TABLED WITH GOJ IN ORDER TO PREPARE FOR TECHNICAL TALKS ON EXPORT CREDIT AGREEMENT. GOJ WILL BE TOLD DRAFT IS NOT NECESSARILY USG POSITION.

2. DECLARATION OF SELF-DISCIPLINE ON OFFICIAL SUPPORT FOR EXPORT CREDITS

I. MINIMUM INTEREST RATE

1. PUBLIC MEASURES ASSOCIATED WITH

AN EXPORT CREDIT SHALL BE

SUCH THAT THE INTEREST RATE IS AT LEAST: 7 1/2 PERCENT PER ANNUM FOR CREDITS OVER 2 YEARS AND UP TO 5 YEARS OF LENGTH IN ALL COUNTRIES; AND CREDITS OVER 5 YEARS LENGTH.

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8. PERCENT TO COUNTRIES WITH A GNP OVER \$3,000, 7 3/4

PERCENT TO COUNTRIES WITH A GNP BETWEEN \$1,000 AND \$3,000, AND 7 1/2 PERCENT TO COUNTRIES WITH A GNP BELOW \$1,000.

2. FOR THE PURPOSE OF APPLYING THE ABOVE:

(A) "PUBLIC MEASURES" MEAN:

(I) FINANCIAL ASSISTANCE GRANTED FOR EXPORT CREDITS BY ONE OF THE FOLLOWING:

-- THE STATE,

-- PUBLIC BODIES OR PUBLIC INSTITUTIONS,

-- CENTRAL BANKS,

-- OTHER INSTITUTIONS WHICH HAVE RECEIVED

FROM THE STATE, PUBLIC BODIES, PUBLIC

INSTITUTIONS, OR CENTRAL BANKS, A MANDATE,

GENERAL OR SPECIFIC, TO ASSIST EXPORT

CREDIT;

(II) PUBLIC REGULATIONS GOVERNING RATES OF RETURN OF BANKS,

(III) PUBLIC GUARANTEES AND INSURANCE FOR THE PURPOSE OF REDUCING INTEREST RATES.

(B) "INTEREST RATE:"

(I) MEANS:

-- THE FINANCING RATE OF THE WHOLE PART OF EACH FINANCIAL CREDIT;

-- THE REFINANCING RATE OF THE WHOLE PART OF EACH SUPPLIER CREDIT; OR

-- THE MIXED RATE AS OF THE DATE OF THE COMMITMENT, WHERE ONLY CERTAIN PORTIONS OF THE CREDIT ARE FINANCED BY AN OFFICIAL EXPORT FINANCE BODY, THE REMAINING PART OF THE CREDIT BEING FINANCED BY PRIVATE CREDITS;

(II) DOES NOT MEAN THE CONTRACT RATE TO BE PAID BY THE BENEFICIARIES OF THE CREDITS;

(III) EXCLUDES ALL:

-- BANK COMMISSIONS (OTHER THAN THOSE ALREADY TAKEN INTO ACCOUNT FOR CALCULATING PUBLIC MEASURES), AND

-- EXPORT CREDIT INSURANCE CHARGES;

(IV) CORRESPONDS WITH THE RATE PAYABLE IN ARREARS ON A SEMI-ANNUAL BASIS.

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II. MAXIMUM LENGTHS OF CREDIT

1. EXPORT CREDITS BENEFITTING FROM OFFICIAL SUPPORT, EITHER IN THE FORM OF PUBLIC MEASURES, AS DEFINED UNDER I.2, OR IN THE FORM OF OTHER CREDIT GUARANTEES AND INSURANCE ON BEHALF OF OR WITH THE SUPPORT OF THE STATE OR ANY OTHER PUBLIC BODY, SHALL NOT EXCEED 8 1/2 YEARS FOR CREDITS TO COUNTRIES HAVING A PER CAPITA GNP OF \$1,000 OR MORE AND 10 YEARS FOR CREDITS TO OTHER COUNTRIES, WITHOUT PREJUDICE

TO THE SHORTER PERIODS RULING FOR MOST TRANSACTIONS.

2. LENGTHS OF CREDITS ARE CALCULATED ON THE BASIS OF THE STARTING POINTS DEFINED BY THE BERNE UNION.

3. THE AUTHORITIES OF COUNTRIES ADHERING TO THIS DECLARATION WILL BE NOTIFIED 7 DAYS IN ADVANCE OF ANY AUTHORIZATION OF A CREDIT TO A COUNTRY HAVING A PER CAPITA GNP IN EXCESS OF \$3,000 WHEN ITS REPAYMENT TERMS EXCEED 5 YEARS.

III. MINIMUM PERCENTAGE OF DOWN-PAYMENTS
IN THE CASE OF EXPORT CREDITS OF OVER 2 YEARS, BENEFITING FROM OFFICIAL SUPPORT EITHER IN THE FORM OF PUBLIC MEASURES AS DEFINED UNDER I.3, OR IN THE FORM OF OTHER CREDIT GUARANTEES AND INSURANCE ON BEHALF OF OR WITH THE SUPPORT OF THE STATE OR ANY OTHER PUBLIC BODY, THE DOWN-PAYMENTS SHALL AMOUNT TO AT LEAST 15 PERCENT AND SHALL BE RECEIVED, AT THE LATEST, BY THE STARTING POINT OF THE CREDIT AS DETERMINED BY THE BERNE UNION. AGRICULTURAL GOODS ARE EXCEPTED.

IV. LOCAL COSTS
THE PROVISIONS OF THE ANNEX TO DOCUMENT OECD TC/ECG/74.26 APPLY.

V. LEASING
THE PROVISIONS OF THIS DECLARATION APPLY TO EXPORT LEASING CONTRACTS.

VI. CONSULTATIONS
ALTHOUGH GOVERNMENTS ADHERING TO THIS DECLARATION WILL APPLY THE STANDARDS IN THIS DECLARATION IN GOOD FAITH, THEY COULD BE EXCEEDED FOLLOWING 7 DAYS NOTICE TO THE AUTHORITIES OF OTHER GOVERNMENTS ADHERING TO THIS DECLARATION; AND AN ADDITIONAL 10 DAYS FOR CONSULTATION, IF REQUESTED BY THOSE OTHER GOVERNMENTS.

VII. STANDSTILL ON PROGRAMS
EACH GOVERNMENT ADHERING TO THIS DECLARATION COMMITS LIMITED OFFICIAL USE

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ITSELF NOT TO INTRODUCE ANY NEW PROGRAM PROVIDING OFFICIALLY FUNDED EXPORT SUPPORT, OR TO LIBERALIZE SUBSTANTIALLY ANY EXISTING OFFICIAL FINANCIAL SUPPORT PROVIDED TO ITS EXPORTERS WITHOUT PRIOR NOTIFICATION TO SUCH OTHER GOVERNMENTS.

VIII. EXCEPTIONS

1. SECTORAL AGREEMENTS

(A) A GOVERNMENT SIGNATORY TO AN OECD SECTORAL AGREEMENT WILL APPLY TO THE EQUIPMENT COVERED IN SUCH AGREEMENT THE PROVISIONS ON CREDIT CONDITIONS CONTAINED THEREIN.

WHERE A GOVERNMENT IS NOT SIGNATORY TO A SECTORAL AGREEMENT, THE PROVISIONS OF THIS DECLARATION SHALL APPLY.

(B) WHERE ONE OF THE CONDITIONS FOR CREDIT SET OUT

IN THIS DECLARATION IS NOT COVERED BY A
SECTORAL AGREEMENT, THE PROVISIONS OF THIS
DECLARATION SHALL APPLY.
(C) BEARING IN MIND THE INTENTION OF GOVERNMENTS
TO NEGOTIATE ADDITIONAL SECTORAL AGREEMENTS,
AND THE DIFFICULTIES OF ADHERING TO
STANDARD PROVISIONS FOR CERTAIN EXPORTS, THE
PROVISIONS OF THIS DECLARATION SHALL NOT
APPLY TO POWER STATIONS, AIRCRAFT (INCLUDING
HELICOPTERS), MILITARY EQUIPMENT AND STEEL
MILLS.

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LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 AGR-05

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SECSTATE WASHDC PRIORITY 6520

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2. OFFICIAL ASSISTANCE
THE PROVISIONS OF THIS DECLARATION SHALL NOT
APPLY TO OFFICIAL ASSISTANCE WHEN THE TERMS PROVIDED TO
THE ULTIMATE RECIPIENT OF THE ENTIRE PACKAGE OF GOVERNMENT-
SUPPORTED FINANCING FOR A PARTICULAR PROJECT OR PRODUCT
CONTAIN A GRANT ELEMENT OF AT LEAST 25 PERCENT OF THE
VALUE OF EXPORTED GOODS AND SERVICES AS DEFINED BY THE
DAC. AUTHORITIES OF OTHER COUNTRIES ADHERING TO THIS
DECLARATION SHALL BE NOTIFIED: 7 DAYS IN ADVANCE OF
AN AUTHORIZATION OF A MIXED CREDIT WHICH CONTAINS A GRANT
ELEMENT OF 15 PERCENT OR LESS WITH AN ADDITIONAL 10 DAYS

FOR CONSULTATION, UPON REQUEST; 7 DAYS IN ADVANCE OF
AUTHORIZATION OF A MIXED CREDIT WHICH CONTAINS A GRANT
ELEMENT BETWEEN 15 AND 20 PERCENT; AND WITHIN 7 DAYS
AFTER AN AUTHORIZATION OF A MIXED CREDIT WHICH
CONTAINS A GRANT ELEMENT BETWEEN 20 AND 25
PERCENT.

3. MATCHING

BY WAY OF DEROGATION FROM THE PROVISIONS UNDER
I-V, EACH GOVERNMENT ADHERING TO THIS DECLARATION MAY,
AFTER SIMULTANEOUS NOTIFICATION TO THE OTHER GOVERNMENTS
GRANT SOFTER TERMS THAN THOSE REFERRED TO UNDER THESE
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SAME HEADINGS TO COMPETE WITH:

-- DIRECT COMPETITION BENEFITING FROM OFFICIAL
SUPPORT NOT IN ACCORDANCE WITH THE RULES OF
THIS DECLARATION;
-- UNTIL THE DATE OF THEIR EXPIRY, EXISTING
COMMITMENTS IN THE FORM OF OUTSTANDING OFFERS,
INTERNAL CONVENTIONS AND BILATERAL AGREEMENTS
OF ANOTHER COUNTRY WHICH, IF OFFICIALLY
SUPPORTED, ARE NOT IN ACCORDANCE WITH
THIS DECLARATION.

4. EXISTING COMMITMENTS

THE PROVISIONS OF THIS DECLARATION ARE WITHOUT PREJUDICE
TO EXISTING COMMITMENTS IN THE FORM OF OUTSTANDING OFFERS,
INTERNAL CONVENTIONS AND BILATERAL AGREEMENTS BEFORE THEIR
DATE OF EXPIRY. THE PROVISIONS OF THIS AGREEMENT SHALL,
HOWEVER, APPLY TO SUCH COMMITMENTS OFFERS INTERNAL
CONVENTIONS AND BILATERAL AGREEMENTS IF THERE IS AN
OPPORTUNITY UNDER THE TERMS THEREOF OR OTHERWISE TO EFFECT
SUCH APPLICATION AFTER ENTRY INTO FORCE OF THIS
DECLARATION.

IV. IMPLEMENTATION

1. STANDARDS AND PROCEDURES IN THIS DECLARATION WILL
TAKE EFFECT BLANK DAYS AFTER THE GOVERNMENTS OF CANADA
FRANCE, GERMANY, ITALY, JAPAN, THE UNITED KINGDOM, AND
THE UNITED STATES HAVE PUBLICLY DECLARED THEIR
INTENT TO ESTABLISH THEM.

2. WITHIN BLANK DAYS, BETWEEN DECLARATION AND
IMPLEMENTATION OF THESE STANDARDS AND PROCEDURES, THE
GOVERNMENTS OF BLANK SHALL NOTIFY OTHER GOVERNMENTS
WHICH UNDERTAKE SIMILAR DECLARATIONS OF:

--THOSE OUTSTANDING OFFERS REFERRED TO IN VIII-4
WHICH CONCERN TRANSACTIONS WITH A LENGTH OF
CREDIT OF MORE THAN 5 YEARS,
--THE INTERNAL CONVENTIONS AND BILATERAL AGREEMENTS
REFERRED TO IN VIII-4, WHICH CONTAIN CREDIT CON-
DITIONS NOT IN CONFORMITY WITH THIS DECLARATION.

3. WITHOUT PREJUDICE TO THE PROVISIONS UNDER IX-1,

THE GOVERNMENTS OF BLANK WILL PROVIDE THE AUTHORITIES OF
OTHER GOVERNMENTS WHICH UNDERTAKE SIMILAR DECLARATIONS,
IF SO REQUESTED WITH ANY INFORMATION NECESSARY TO ENSURE
EFFICIENT OPERATION OF THESE DECLARATIONS. SUCH INFORMA-
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TION SHALL BE PROVIDED WITHIN 7 CALENDAR DAYS OF RECEIVING
A REQUEST.

4. THIS DECLARATION IS ON A TRIAL BASIS,
EFFECTIVE INITIALLY FOR 12 MONTHS. NEVERTHELESS, ANY
GOVERNMENT ADHERING TO THIS DECLARATION SHALL AT ALL
TIMES BE ENTITLED TO AMEND ITS DECLARATION IN ORDER TO
DEAL WITH DEVELOPMENTS IN THE INTERNATIONAL ECONOMIC
SITUATION, AFTER CONSULTATION WITH OTHER GOVERNMENTS
ADHERING TO THIS DECLARATION.

5. EACH GOVERNMENT CAN WITHDRAW ITS
DECLARATION BY GIVING 30 DAYS NOTICE.
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